

MEMORANDUM



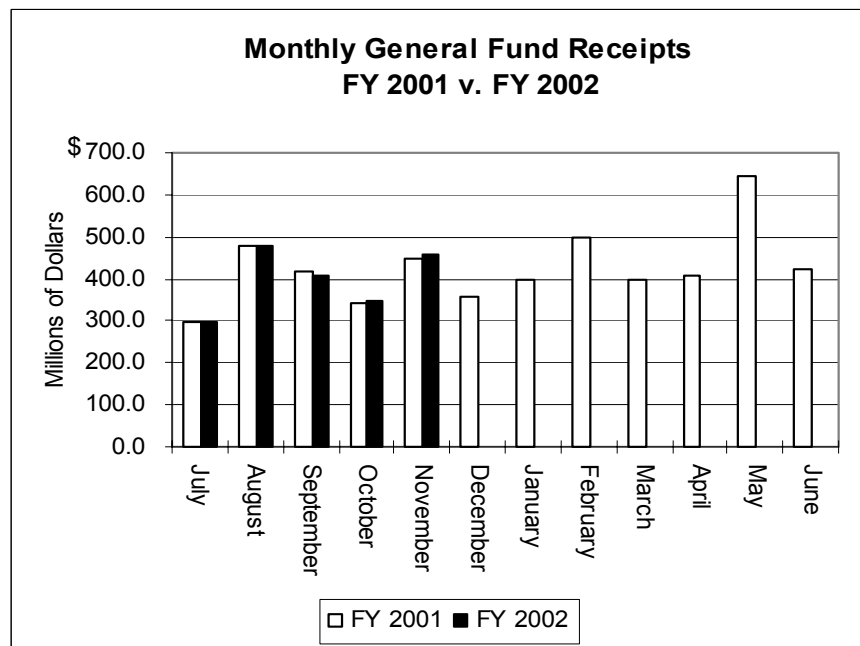
TO: Members of the Iowa Senate and
Members of the Iowa House of Representatives

FROM: Dennis C. Prouty

DATE: December 3, 2001

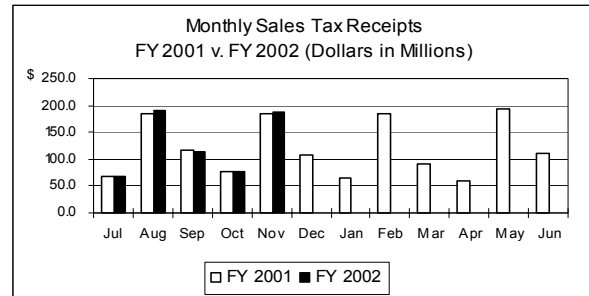
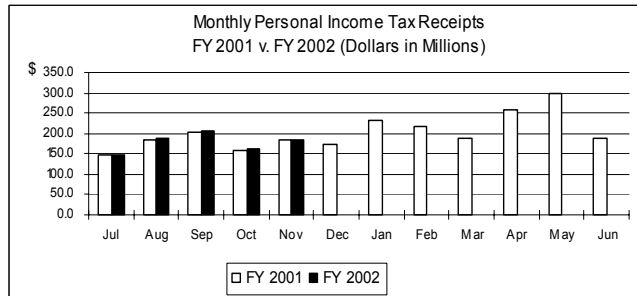
Monthly General Fund Receipts through November 30, 2001

The attached spreadsheet represents total FY 2002 estimated General Fund receipts, with comparable figures for actual FY 2001. These can be compared to the FY 2002 estimate (\$5,212.9 million) set by the Revenue Estimating Conference (REC) on October 11, 2001. The estimate represents an increase of \$98.4 million (1.9%) compared to actual FY 2001. The REC will meet on December 7 to reevaluate the October 11 estimates.



FY 2002 Compared to FY 2001

Year-to-date FY 2002 revenue increased by \$3.1 million (0.2%) compared to FY 2001. This is below the REC estimate of 1.9% for FY 2002.



Gross personal income tax revenues received in November totaled \$184.3 million, an increase of \$1.2 million (0.7%) compared to November 2000.

The REC FY 2002 income tax estimate of \$2,499.6 million represents a projected increase of 3.0% compared to actual FY 2001. The actual year-to-date growth in personal income tax is currently 1.4%.

The State tracks personal income tax in three sub-categories:

Withholding receipts in November decreased 0.2% compared to November 2000.

Estimated tax payments in October increased 39.2% compared to November 2000.

Tax payments with returns in October increased 47.7% compared to November 2000. The majority of these revenues are collected when taxpayers file annual personal income tax returns and are received during the mid-March to April 30 filing period.

The Chart above compares monthly personal income tax receipts for FY 2001 with FY 2002.

Gross sales tax revenues received in November totaled \$187.6 million, an increase of \$3.7 million (2.0%) compared to November 2000.

The REC estimate for FY 2002 sales tax receipts is \$1,489.0 million, which represents an increase of 3.3% compared to actual FY 2001.

The Chart above compares monthly sales tax receipts for FY 2001 with FY 2002.

Corporate income tax receipts in November were \$12.4 million, a decrease of \$0.3 million (2.4%) compared to November 2000.

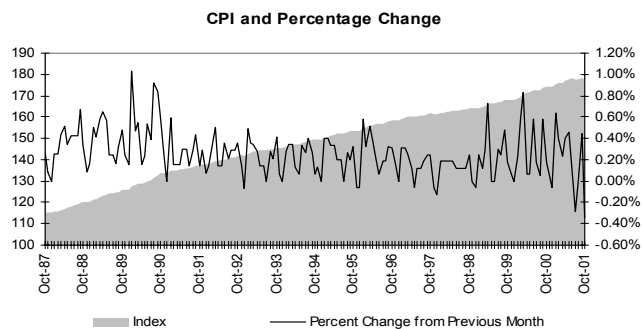
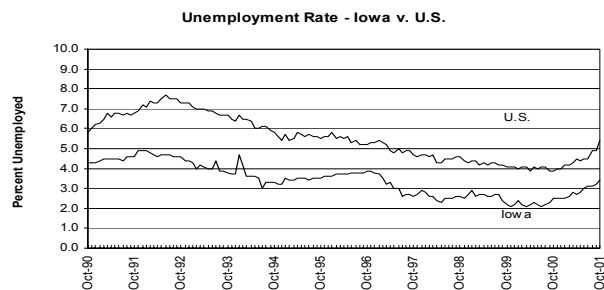
The REC projected FY 2002 corporate income tax receipts at \$242.1 million, a decrease of 15.0% compared to actual FY 2001. The actual FY 2001 decrease was 12.6% compared to FY 2000.

Status of the Economy

The October seasonally adjusted State unemployed percent increased to 3.4% from the September level of 3.2%. The unemployment rate a year ago was 2.5%. Iowa's total adjusted October employment registered at 1,545,000, up 20,700 from last year's level. The number of unemployed persons in Iowa was recorded at 54,300 in October, which is up 14,400 compared to last year's level. The amount of unemployed workers in October is the highest recorded level since April 1997. The U.S. unemployment rate in October increased sharply to 5.4% from September, and is the highest reported level since December 1996. The U.S. unemployment rate a year ago was 3.9%.

Consumer prices decreased in October from the September level by 0.3%. The Consumer Price Index (CPI-U) through October 2001 was 177.7 (1983=100), which is 2.1% higher than one year ago.

The following series illustrate U.S. and Iowa unemployment comparisons and the CPI through October 2001.



Information related to State General Fund receipts is available electronically through the Fiscal Bureau's Electronic Publishing of Information System (EPI). If you have questions regarding this service, you may contact Glen Dickinson (515-281-4616).

GENERAL FUND RECEIPTS - FY 2001 vs. FY 2002 July 1 through November 30, in millions of dollars Dollars may not add due to rounding				ESTIMATED GENERAL FUND RECEIPTS in millions of dollars FY 01 Actual Compared to FY 02 REC Estimate			
	FY 2001	FY 2002	Year to Date % CHANGE	November % CHANGE	Actual FY 2001	Estimate FY 2002	% CHANGE
Personal Income Tax	\$ 873.1	\$ 885.5	1.4%	0.7%	\$ 2,426.6	\$ 2,499.6	3.0%
Sales Tax	629.1	638.7	1.5%	2.0%	1,441.7	1,489.0	3.3%
Use Tax	111.9	111.7	-0.2%	21.8%	249.4	239.4	-4.0%
Corporate Income Tax	98.8	84.0	-15.0%	-2.4%	284.8	242.1	-15.0%
Inheritance Tax	41.7	44.9	7.7%	-11.8%	104.6	115.0	9.9%
Insurance Premium Tax	0.5	-0.2	-140.0%	N.A.	126.6	132.9	5.0%
Cigarette Tax	38.1	38.4	0.8%	-7.7%	89.6	89.6	0.0%
Tobacco Tax	2.8	3.1	10.7%	16.7%	6.7	6.7	0.0%
Beer Tax	6.1	6.1	0.0%	0.0%	13.6	13.9	2.2%
Franchise Tax	10.8	10.2	-5.6%	0.0%	31.2	30.5	-2.2%
Miscellaneous Tax	2.0	2.3	15.0%	-154.5%	1.3	1.3	0.0%
Total Special Taxes	\$ 1,814.9	\$ 1,824.7	0.5%	2.8%	\$ 4,776.1	\$ 4,860.0	1.8%
Institutional Payments	19.9	20.4	2.5%	-6.8%	47.2	48.9	3.6%
Liquor Transfers:							
Profits	14.0	14.5	3.6%	-22.2%	37.5	37.0	-1.3%
7% Gross Revenue	3.8	3.8	0.0%	0.0%	9.0	9.0	0.0%
Interest	8.2	4.6	-43.9%	0.0%	18.2	40.1	120.3%
Fees	27.1	26.4	-2.6%	17.1%	72.5	72.2	-0.4%
Judicial Revenue	17.1	16.8	-1.8%	1.8%	48.8	51.6	5.7%
Miscellaneous Receipts	22.2	19.1	-14.0%	111.8%	45.2	34.1	-24.6%
Racing and Gaming Receipts	60.0	60.0	0.0%	-93.9%	60.0	60.0	0.0%
TOTAL RECEIPTS	\$ 1,987.2	\$ 1,990.3	0.2%	2.3%	\$ 5,114.5	\$ 5,212.9	1.9%